

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF THE CITY OF ANDERSON, )  
INDIANA FOR AUTHORITY TO ISSUE )  
BONDS, NOTES, OR OTHER )  
OBLIGATIONS, FOR AUTHORITY TO )  
INCREASE ITS RATES AND CHARGES )  
FOR WATER SERVICE, AND FOR )  
APPROVAL OF NEW SCHEDULE OF )  
RATES AND CHARGES APPLICABLE )  
THERE TO )

CAUSE NO. 42914

APPROVED: DEC 20 2006

**BY THE COMMISSION:**

David E. Ziegner, Commissioner

Scott R. Storms, Chief Administrative Law Judge

On September 13, 2005, the City of Anderson ("Petitioner") filed with the Commission its Petition for approval of the issuance of bonds, notes or other obligations, for authority to increase its rates and charges for water service, and for approval of a new schedule of rates and charges applicable thereto. Pursuant to notice as provided by law, an evidentiary hearing was convened on November 27, 2006, at 9:30 a.m. EST in the hearing rooms of the Commission at which time all of the evidence was offered and admitted without objection. Petitioner and the Office of Utility Consumer Counselor (OUCC) also offered a Stipulation and Settlement Agreement.

Based upon the applicable law and the evidence herein, the Commission now finds that:

1. **Notice and Jurisdiction.** Petitioner is a "municipally-owned utility" as that phrase is used in IC 8-1-2-1(h), and is subject to the jurisdiction of this Commission as provided by law. Notice of the evidentiary hearing was provided as required by law. The Commission has jurisdiction over the parties and the subject matter of this Cause.

2. **Petitioner's Characteristics.** Petitioner is a municipality that owns and operates plant and equipment within the State of Indiana for the production, transmission, delivery, and furnishing of water to the public within and around the City of Anderson, Indiana. Petitioner's existing schedule of water rates and charges was approved by the Commission on February 9, 1994, in Cause No. 39793.

3. **Petitioner's Proposed Bond Issue and Extensions and Replacements.** Petitioner is proposing to incur long-term indebtedness through the sale of waterworks revenue bonds in the principal amount not to exceed \$5.295 Million (the "Bonds"). The term of the Bonds will not exceed 20 years and the net interest rate will not exceed 6%. The proceeds from the Bonds will be used to finance portions of Petitioner's 5-year capital improvements plan, which is attached to the Stipulation. Before Petitioner may issue the Bonds, we must grant approval pursuant to IC 8-1.5-2-19. We will approve the issuance of bonds, notes or other obligations by a municipally-owned utility if we find that the projects to be funded with the

proceeds are reasonably necessary for the provision of adequate and efficient utility service and if we find the proposed debt issuance is a reasonable method for financing such projects. Petitioner's consulting engineer, Robert E. Curry, testified regarding the need for these projects and Petitioner's financial advisor John R. Skomp testified that the proposed Bonds are a reasonable method to finance the improvements. We find the proposed projects in Petitioner's 5-year plan are reasonably necessary for the provision of adequate and efficient utility service and that the proposed debt issuance is a reasonable method for financing such projects. The Parties have stipulated and we find that issuance of the Bonds should be approved.

4. **Test Year.** The test year used by Petitioner for determining Petitioner's annual revenue requirement in this Cause was the 12 months ended September 30, 2005, with adjustments for changes which are fixed, known, and measurable and which will occur within 12 months of the close of the test year. We find this test year to be sufficiently representative of Petitioner's ongoing operations to be used for ratemaking purposes.

5. **Petitioner's Revenue Requirements.** Petitioner and the OUCC have stipulated and we find that Petitioners' revenue requirements are as follows:

Operation & Maintenance Expense (including Leases)	\$ 4,873,168
Taxes other than Income	281,282
Extensions and Replacements	1,434,693
Working Capital	265,746
PILT	215,554
Debt Service	<u>423,902</u>
Total	\$ 7,494,345
Less: Other Revenues	<u>( 51,480)</u>
Net Revenue Requirements	\$ 7,442,865

The parties have agreed that Petitioner's pro forma revenues at current rates equal \$5,852,067. The Commission finds that the rates and charges currently in effect for services rendered by Petitioner are inadequate to provide for Petitioner's annual revenue requirement and should be increased. We find that Petitioner should be authorized to increase its rates by 27.37% to produce \$1,590,798 in additional annual revenues and total annual revenues of \$7,442,865, inclusive of additional Utility Receipts Tax.

Petitioner presented a cost of service study prepared by Kerry A. Heid and proposed a change in rate design to reduce the number of rate blocks from eight to five and to reduce the minimum charge. In his testimony Mr. Heid recognized that the Commission, in Anderson's 1990 rate case in Cause No. 38855 (*Ind. Util. Reg. Comm'n*, February 22, 1990) ordered the Petitioner to present evidence on a rate structure with three (3) blocks and a schedule of service charges in its next rate case. Mr. Heid prepared such a rate structure in this proceeding but concluded that its implementation would result in unacceptable rate shock to larger customers. Therefore, the parties agreed to reduce the rate blocks from eight to five in this proceeding and committed to continue to move toward three rate blocks in subsequent proceedings consistent

with the Commission's past directive. We find that the approach agreed to by the parties and the rate design recommended by Mr. Heid should be approved.

6. **True-Up.** The actual cost of debt service will not be known precisely until sometime after Petitioner issues the Bonds. Therefore, within 30 days of the closing of the loan, Petitioner should file a true-up report with the Commission and serve a copy thereof on the parties of record. The true-up report shall provide the following: the actual principal amount borrowed, the interest rate, the term of the Bonds, the actual average annual debt service requirements, and the impact that any difference would have on Petitioner's metered rates. If the actual average annual debt service requirements are different from those provided for in authorized rates, Petitioner should file an amended tariff unless Petitioner considers the difference to be immaterial and it has procured from the OUCC a statement that the OUCC does not object to the schedule of rates and charges not being amended. If in the event Petitioner does not file an amended schedule of rates and charges in accordance with the foregoing, it shall advise the Commission as part of its true-up report or through a subsequent filing.

7. **Over Collection Of Debt Service.** The Parties have stipulated that with the level of rates to be authorized herein, it is possible that Petitioner could "over collect" its debt service requirements if the sale of the revenue bonds discussed in Paragraph 2 herein is materially delayed. If the sale of the bonds has not occurred within six (6) months of the issuance of this Order, Petitioner has agreed to calculate the amount of "over collection" in this regard and to apply the "over collected" funds to the cost of the projects for which financing authority has been granted herein. Petitioner has agreed to reflect this additional source of funding in its true-up report as a reduction in the actual principal amount borrowed. The maturity date for the debt will be maintained. We find the agreement of the Parties should be approved.

8. **Guaranteed Savings Contract.** In August 2006, Petitioner entered a guaranteed savings contract pursuant to IC 36-1-12.5 through which Petitioner will be replacing all of its existing water meters with a brand new, state-of-the-art, remote meter reading system. The contract is financed over a 15-year period, payable solely from the City of Anderson's general fund, with the payment obligation subject to annual appropriation by the City Council. The vendor of the system, Johnson Controls, Inc., has guaranteed the performance of the new system such that the increased revenues and reduced operating expenses will be sufficient to make the annual payments. Petitioner has not requested any relief in this Cause with respect to this contract. Mr. Kaufman, a witness for the OUCC, testified that we should initiate a subdocket to review the transaction and explore the potential future ratemaking implications of the transaction. On rebuttal, Petitioner explained that it has made no pledge of utility revenues and that it has already thoroughly investigated this transaction. The Parties have now stipulated and agreed that there is no need for the Commission to initiate a subdocket. The OUCC has specifically reserved the right to take any position it chooses with respect to future ratemaking treatment at such time and to the extent as the contract has any impact on rates in a future rate case to be filed by Petitioner. We find the Parties' stipulation should be approved.

9. **Approval of Stipulation and Settlement Agreement.** We find that the Joint Stipulation and Settlement Agreement should be approved. With regard to future citation of this Order, we find that our approval herein should be construed in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434 (*Ind. Util. Reg. Comm'n*, March 19, 1997).

**IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:**

1. Petitioner shall be and hereby is authorized to increase its rates and charges for water utility service by 27.37% in order to increase annual operating revenues by \$1,590,798 so as to produce total annual operating revenues of \$7,442,865.

2. Petitioner shall file with the Water/Sewer Division of the Commission new schedules of rates and charges using the rate design attached to the Joint Stipulation (adjusted across-the-board so as to produce the revenues authorized herein) before placing in effect the increase authorized herein, which schedules, when approved by the Water/Sewer Division, shall be effective and shall cancel all previously approved schedules of rates and charges.

3. Petitioner shall be and hereby is authorized to issue waterworks revenue bonds in an aggregate principal amount not to exceed \$5,295,000, for a term not to exceed twenty (20) years and at a net interest rate not to exceed 6%.

4. In accordance with I.C. 8-1-2-70, the Petitioner shall pay within twenty (20) days from the date of this Order into the Treasury of the State of Indiana, through the Secretary of this Commission, the following itemized charges, as well as any additional charges which were or may be incurred in connection with this Cause:

Commission Charges	\$200.00
Legal Advertising Charges	137.52
Reporting Charges	39.20
UCC Charges	<u>320.00</u>
Total:	\$696.72

5. In accordance with Ind. Code § 8-1-2-85, Petitioner shall pay a fee of twenty-five cents (\$0.25) for each one hundred dollars (\$100) of waterworks revenue bonds issued, into the Treasury of the State of Indiana through the Secretary of this Commission, within thirty (30) days of the receipt of the financing proceeds authorized herein.

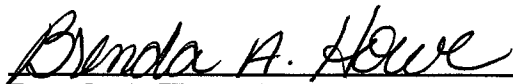
6. Petitioner shall file the true-up report as provided in Finding Paragraph 6 herein.

7. This Order shall be effective on and after the date of its approval.

**HARDY, LANDIS, SERVER AND ZIEGNER CONCUR:**

**APPROVED: DEC 20 2006**

**I hereby certify that the above is a true  
and correct copy of the Order as approved.**

  
**Brenda A. Howe, Secretary to the Commission**

FILED

NOV 17 2006

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

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REGULATORY COMMISSION

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RATES AND CHARGES APPLICABLE )  
THERETO )

CAUSE NO. 42914 IURC  
JOINT

EXHIBIT No. 1

11-27-06  
DATE

REPORTER

**JOINT STIPULATION AND SETTLEMENT AGREEMENT BETWEEN  
THE CITY OF ANDERSON AND THE OFFICE OF  
UTILITY CONSUMER COUNSELOR**

On September 13, 2005, Petitioner, the City of Anderson ("Petitioner"), filed with the Indiana Utility Regulatory Commission ("Commission") its Petition in this Cause. Prior to the final public hearing in this Cause, Petitioner and the Office of Utility Consumer Counselor ("OUCC") communicated with each other regarding settlement of this Cause and have reached an agreement with respect to all the issues before the Commission. Petitioner and the OUCC stipulate and agree to the following matters:

1. The Parties stipulate and agree to the issuance by the Commission of a final order in the form attached hereto as Attachment 1 (the "Proposed Order"). Each description of an agreement by the Parties contained in the Proposed Order is incorporated herein by reference and is accepted by each of the Parties as if fully set forth herein. Solely for purposes of settlement, the Parties stipulate and agree that the terms, findings, and ordering paragraphs of the Proposed Order constitute a fair, just and reasonable resolution of the issues raised in this Cause provided they are approved by the Commission in their entirety and without modification.

OFFICIAL  
EXHIBITS

2. Petitioner's Proposed Revenue Bonds and Extensions and Replacements.

Petitioner has requested authority to issue long-term debt in aggregate principal amount of \$5.295 Million. The Parties stipulate and agree that the capital improvements projects as shown in Exhibit E to Attachment 2 hereto are reasonably necessary expenditures for Petitioner's utility system that will allow Petitioner to provide adequate and reliable water service to its customers. The Parties further stipulate and agree that the method of financing the projects proposed by Petitioner as shown on the same exhibit is a reasonable method by which to finance these costs. The parties stipulate and agree that Petitioner should be authorized to issue water works revenue bonds in the approximate amount of \$5.295 Million, which amount is subject to the true-up provisions in paragraph 5 below. The term shall be twenty years and the maximum net rate of interest shall be 6%.

3. Amount of Stipulated Rate Increase. The OUCC and Petitioner stipulate and agree that Petitioner's current rates and charges should be increased immediately upon the issuance of a Commission Order by 27.37% so as to produce \$1,590,798 in additional annual operating revenues (including Utility Receipts Tax) and total annual revenues of ~~\$7,420,594~~ <sup>\$7,442,865</sup>. The rate design should be based upon that set forth in Petitioner's Exhibit KAH-5. (Attachment 3 hereto). Petitioner's revenue requirements to which Petitioner and the OUCC stipulate and agree are set forth in the schedules attached hereto as Attachment 2. The parties stipulate and agree that the rate increases provided herein are just and reasonable and should be approved.

4. Overcollection of Debt Service. The Parties stipulate and agree that with the level of rates to be authorized herein, it is possible that Petitioner could "overcollect" its debt service requirements if the sale of the revenue bonds discussed in Paragraph 2 herein is materially delayed. If the sale of the bonds has not occurred within six (6) months of the issuance of the

Commission Order referenced in Paragraph 1 herein, Petitioner agrees to calculate the amount of "overcollection" in this regard and to apply the "overcollected" funds to the cost of the projects for which financing authority is to be granted as a result of this Stipulation and Settlement Agreement. Petitioner agrees to reflect this additional source of funding in its true-up report to be filed pursuant to Paragraph 5 herein as a reduction in the actual principal amount borrowed. The maturity date for the debt will be maintained.

5. True-Up. The OUCC and Petitioner agree that the actual amount of the bonds, the interest rate at which the bonds will be sold, and the actual cost of annual debt service associated with the projects will not be known precisely until after Petitioner has closed on the sale of the bonds. Since the figures are estimates rather than actual amounts, the parties agree that the Petitioner shall be required to true-up, as necessary, those amounts after the sale of its bonds. Specifically, within 30 days of sale of the bonds, the Parties agree that Petitioner should file a true-up report with the Commission and serve a copy thereof on all parties of record. The true-up report should state the following: the actual principal amount borrowed, the interest rate, the term of the bonds, the actual average annual debt service and the debt service and debt service reserve revenue requirements, and the impact that any difference would have on Petitioner's rates. If the actual average annual debt service requirements are different from those provided for in authorized rates, Petitioner should file an amended tariff unless Petitioner considers the difference to be immaterial and it has procured from the OUCC a statement that the OUCC does not object to the schedule of rates and charges not being amended.

5. Evidence Admitted. Petitioner shall withdraw its pending motion to strike. All testimony and evidence prefiled by either party prior to the date of this Stipulation shall be

admissible. The Parties shall jointly offer this Stipulation together with all attachments. The Parties hereby waive cross-examination of each other's witnesses.

7. Guaranteed Savings Contract. The Parties stipulate and agree that there is no need for a Commission proceeding or subdocket to review or investigate Petitioner's Guaranteed Savings Contract described in the testimonies of Mr. Kaufman and Mr. Popa. The OUCC reserves the right to take any position it chooses with respect to the ratemaking effect of the Guaranteed Savings Contract at such time as the same has an impact on rates in a future rate case filed by Petitioner.

8. Eighth Street Tank. Prior to undertaking the planned painting of the Eighth Street Tank as described in the direct and rebuttal testimony of Mr. Curry, Petitioner shall cause a new inspection of said tank to be performed by a firm qualified to conduct tank inspections (e.g., Tank Industry Consultants). Petitioner shall only undertake the work at that time as recommended by the report of the inspection.

9. Mutual Conditions on Settlement Agreement. Petitioner and the OUCC agree for purposes of establishing new rates and charges for Petitioner and approving Petitioner's proposed bond issuance that the terms and conditions set forth in this Joint Stipulation and Agreement are supported by sufficient evidence and based on the Parties' independent review of the evidence, represent a fair, reasonable and just resolution of all the issues in this Cause, subject to their incorporation in a final Commission order in the form attached as the Proposed Order without modification or further condition, which may be unacceptable to either party. If the Commission does not approve this Stipulation or does not issue the final order in the form attached as the Proposed Order in its entirety without modification, the entire Stipulation shall be

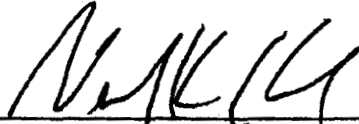


deemed withdrawn, unless otherwise agreed to by the Parties. Petitioner and the OUCC represent that there are no other agreements in existence between them relating to the matters covered by this Joint Stipulation and Agreement which in any way affect this Agreement.

10. Non-Precedential. As a condition precedent to the Stipulation, the parties condition their Agreement on the Commission providing assurance in the final order issued herein that it is not the Commission's intent to allow this Stipulation or the Order approving it to be used as an admission or as a precedent against the signatories hereto except to the extent necessary to enforce the terms of the settlement agreement. The parties agree that this Stipulation shall not be construed nor be cited as precedent by any person or deemed an admission by any party in any other proceeding except as necessary to enforce its terms before the Commission, or before any court of competent jurisdiction on these particular issues. This Stipulation is solely the result of compromise in the settlement process and except as provided herein is without prejudice to and shall not constitute a waiver of any position that either of the parties may take with respect to any or all the items resolved herein in any future regulatory or other proceedings and, failing approval by this Commission, shall not be admissible in any subsequent proceedings.

11. Authority to Stipulate. The undersigned have represented and agreed that they are fully authorized to execute this Stipulation on behalf of their designated clients who will be bound thereby.

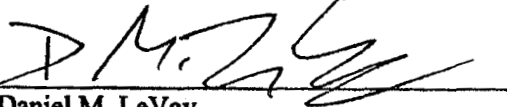
Respectfully submitted,



Nicholas K. Kite, #15203-53  
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11 South Meridian Street  
Indianapolis, Indiana 46204  
(317) 231-7768

Attorneys for Petitioner  
City of Anderson

Office of Utility Consumer Counselor



Daniel M. LeVay  
Assistant Consumer Counselor  
Indiana Government Center North  
100 North Senate Avenue, Room N501  
Indianapolis, Indiana 46204

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CAUSE NO. 42914

APPROVED:

**BY THE COMMISSION:**

David E. Ziegner, Commissioner

Scott R. Storms, Administrative Law Judge

On September 13, 2005, the City of Anderson ("Petitioner") filed with the Commission its Petition for approval of the issuance of bonds, notes or other obligations, for authority to increase its rates and charges for water service, and for approval of a new schedule of rates and charges applicable thereto. We issued a Prehearing Conference Order dated November 9, 2005. Petitioner prefled its case-in-chief on July 27, 2006. The OUCC prefled its testimony and evidence on September 28, 2006, and Petitioner filed its rebuttal evidence on October 13, 2006. Pursuant to notice as provided by law, an evidentiary hearing was convened on November 27, 2006, at 9:30 a.m. EST in the hearing rooms of the Commission at which time all of the evidence was offered and admitted without objection. Petitioner and the OUCC also offered a Stipulation and Settlement Agreement.

Based upon the applicable law and the evidence herein, the Commission now finds that:

Attachment 1

1. **Notice and Jurisdiction.** Petitioner is a "municipally-owned utility" as that phrase is used in IC 8-1-2-1(h), and is subject to the jurisdiction of this Commission as and to the extent provided by law. Notice of the prehearing conference and the evidentiary hearing was provided as required by law. The Commission has jurisdiction over the parties and the subject matter of this Cause.

2. **Petitioner's Characteristics.** Petitioner is a municipality that owns and operates plant and equipment within the State of Indiana for the production, transmission, delivery, and furnishing of water to the public within and around the City of Anderson, Indiana. Petitioner's existing schedule of water rates and charges was approved by the Commission on February 9, 1994, in Cause No. 39793.

3. **Petitioner's Proposed Bond Issue and Extensions and Replacements.** Petitioner is proposing to incur long-term indebtedness through the sale of waterworks revenue bonds in the principal amount not to exceed \$5.295 Million (the "Bonds"). The term of the Bonds will not exceed 20 years and the net interest rate will not exceed 6%. The proceeds from the Bonds will be used to finance portions of Petitioner's 5-year capital improvements plan, which is attached to the Stipulation. Before Petitioner may issue the Bonds, we must grant approval pursuant to IC 8-1.5-2-19. We will approve the issuance of bonds, notes or other obligations by a municipally-owned utility if we find that the projects to be funded with the proceeds are reasonably necessary for the provision of adequate and efficient utility service and if we find the proposed debt issuance is a reasonable method for financing such projects. Petitioner's consulting engineer, Robert E. Curry, testified regarding the need for these projects and Petitioner's financial advisor John R. Skomp testified that the proposed Bonds are a

reasonable method to finance the improvements. We find the proposed projects in Petitioner's 5-year plan are reasonably necessary for the provision of adequate and efficient utility service and that the proposed debt issuance is a reasonable method for financing such projects. The Parties have stipulated and we find that issuance of the Bonds should be approved.

4. **Test Year.** The test year used by Petitioner for determining Petitioner's annual revenue requirement in this Cause was the 12 months ended September 30, 2005, with adjustments for changes which are fixed, known, and measurable and which will occur within 12 months of the close of the test year. We find this test year to be sufficiently representative of Petitioner's ongoing operations to be used for ratemaking purposes.

5. **Petitioner's Revenue Requirements.** Petitioner and the OUCC have stipulated and we find that Petitioners' revenue requirements are as follows:

Operation & Maintenance Expense (including Leases)	\$ 4,873,168
Taxes other than Income	<del>259,011</del>
Extensions and Replacements	1,434,693
Working Capital	265,746
PILOT	215,554
Debt Service	423,902
Total	<del>\$ 7,472,074</del>
Less: Other Revenues	(51,480)
Net Revenue Requirements	\$ 7,420,594

281,282 NKK DM  
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The parties have agreed that Petitioner's pro forma revenues at current rates equal \$5,852,067. The Commission finds that the rates and charges currently in effect for services rendered by Petitioner are inadequate to provide for Petitioner's annual revenue requirement and

should be increased. We find that Petitioner should be authorized to increase its rates by 27.37% to produce \$1,590,798 in additional annual revenues and total annual revenues of ~~\$7,420,594~~, inclusive of additional Utility Receipts Tax.

**\$ 7,442,865**  
**NKK**

Petitioner has proposed a change in rate design to reduce the number of rate blocks to 5 and to reduce the minimum charge. Petitioner presented a cost of service study prepared by Kerry A. Heid in support of its proposed rate design, which study was undisputed. The parties have stipulated and we find that the rate design recommended by Mr. Heid should be approved.

6. **True-Up.** The actual cost of debt service will not be known precisely until sometime after Petitioner issues the Bonds. Specifically, within 30 days the closing of the loan, Petitioner should file a true-up report with the Commission and serve a copy thereof on the parties of record. The true-up report shall provide the following: the actual principal amount borrowed, the interest rate, the term of the Bonds, the actual average annual debt service requirements, and the impact that any difference would have on Petitioner's metered rates. If the actual average annual debt service requirements are different from those provided for in authorized rates, Petitioner should file an amended tariff unless Petitioner considers the difference to be immaterial and it has procured from the OUCC a statement that the OUCC does not object to the schedule of rates and charges not being amended. If the event Petitioner does not file an amended schedule of rates and charges in accordance with the foregoing, it shall advise the Commission as part of its true-up report or through a subsequent filing.

7. **Overcollection Of Debt Service.** The Parties have stipulated that with the level of rates to be authorized herein, it is possible that Petitioner could "overcollect" its debt service

requirements if the sale of the revenue bonds discussed in Paragraph 2 herein is materially delayed. If the sale of the bonds has not occurred within six (6) months of the issuance of this Order, Petitioner has agreed to calculate the amount of "overcollection" in this regard and to apply the "overcollected" funds to the cost of the projects for which financing authority has been granted herein. Petitioner has agreed to reflect this additional source of funding in its true-up report as a reduction in the actual principle amount borrowed. The maturity date for the debt will be maintained. We find the agreement of the Parties should be approved.

8. **Guaranteed Savings Contract.** In August, 2006, Petitioner entered a guaranteed savings contract pursuant to IC 36-1-12.5 through which Petitioner will be replacing all of its existing water meters with a brand new state-of-the-art remote meter reading system. The contract is financed over a 15-year period, payable solely from the City of Anderson's general fund, with the payment obligation subject to annual appropriation by the City Council. The vendor of the system, Johnson Controls, Inc., has guaranteed the performance of the new system such that the increased revenues and reduced operating expenses will be sufficient to make the annual payments. Petitioner has not requested any relief in this Cause with respect to this contract.

Mr. Kaufman testified that we should initiate a subdocket to review the transaction and explore the potential future ratemaking implications of the transaction.

On rebuttal, Petitioner explained that it has made no pledge of utility revenues and that it has already thoroughly investigated this transaction.

The Parties have now stipulated and agreed that there is no need for the Commission to initiate a subdocket. "A municipality may not issue bonds, notes or other obligations *under this chapter* without the approval of the commission." Ind. Code § 8-1.5-2-19 (emphasis added). Petitioner's contract and obligation is not issued "under this chapter." The contract has been entered pursuant to an entirely different chapter in a different title to the Indiana Code. Petitioner has not obligated its utility or pledged its utility revenues, and based on the evidence presented in this case, the contract has no impact on the rates in this case. The OUCC has specifically reserved the right to take any position it chooses with respect to future ratemaking treatment at such time and to the extent as the contract has any impact on rates in a future rate case to be filed by Petitioner. We find the Parties' stipulation should be approved.

9. **Approval of Stipulation and Settlement Agreement.** We find that the Joint Stipulation and Settlement Agreement should be approved. With regard to future citation of this Order, we find that our approval herein should be construed in a manner consistent with our finding in *Richmond Power & Light*, Cause No. 40434 (IURC 3/19/97).

**IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:**

1. Petitioner shall be and hereby is authorized to increase its rates and charges for water utility service by 27.37% in order to increase annual operating revenues by \$1,590,798 so as to produce total annual operating revenues of ~~\$7,420,594~~.

\$7,442,865

~KK  
DM



2. Petitioner shall file with the Engineering Division of the Commission new schedules of rates and charges using the rate design attached to the Joint Stipulation before placing in effect the increase authorized herein, which schedules, when approved by the Engineering Division, shall be effective and shall cancel all previously approved schedules of rates and charges.

3. Petitioner shall be and hereby is authorized to issue waterworks revenue bonds in an aggregate principal amount not to exceed \$5,295,000, for a term not to exceed twenty (20) years and at a net interest rate not to exceed 6%.

4. Petitioner shall pay the following itemized charges within twenty (20) days from the date of this Order into the Treasury of the State of Indiana, through the Secretary of the Commission:

5. Petitioner shall file the true-up report as provided in Finding Paragraph 6 herein.

6. This Order shall be effective on and after the date of its approval.

**HARDY, HADLEY, LANDIS, SERVER AND ZIEGNER CONCUR:**  
**APPROVED:**

**I hereby certify that the above is a true  
and correct copy of the Order as approved.**

**Nancy E. Manley**  
**Secretary to the Commission**

**ANDERSON MUNICIPAL WATER UTILITY**  
**Anderson, Indiana**

**Adjusted Statement of Income**

	September 30, <u>2005</u>	<u>Adjustments</u> <u>Amount</u> <u>Ref.</u>	<u>Adjusted</u>
<b><u>Operating Revenue</u></b>			
Metered Residential Sales	\$ 3,584,748	\$ (27,597) (1) (27,845) (2) (66,381) (3)	\$ 3,462,925
Metered Industrial Sales	1,588,785	27,597 (1) 27,845 (2) (28,199) (4)	1,616,028
Flat Rate Sales	113,989		113,989
Public Fire Protection	396,688	169,681 (5)	566,369
Forfeited Discounts	52,931		52,931
Miscellaneous Revenue	223,278	(183,453) (6)	39,825
Total Operating Revenue	<u>5,960,419</u>	<u>(108,352)</u>	<u>5,852,067</u>
<b><u>Operating Expenses</u></b>			
Operation and Maintenance Expenses	5,008,935	67,421 (7) (10,043) (8) (54,645) (9) (22,876) (10) 8,682 (11) (183,453) (12) 1,772 (13)	4,815,793
Depreciation Expense	889,686	(128,618) (14)	761,068
Taxes Other Than Income Taxes	465,219	(6,876) (15) 7,528 (16) 8,694 (17)	474,565
Total Operating Expenses	<u>6,363,840</u>	<u>(312,414)</u>	<u>6,051,426</u>
Net Operating Income	<u>\$ (403,421)</u>	<u>\$ 204,062</u>	<u>\$ (199,359)</u>

SCHEDULE C-1

ANDERSON MUNICIPAL WATER UTILITY

Anderson, Indiana

Detail of Adjustments

(1)

To adjust "Metered Residential Sales" and "Metered Industrial Sales" for correction of error in recording a refund due to a commercial customer.

Metered Residential Sales

Adjustment - Decrease

\$ (27,597)

Metered Industrial Sales

Adjustment - Increase

\$ 27,597

(2)

To adjust "Metered Residential Sales" and "Metered Industrial Sales" for misclassification of commercial accounts as residential accounts.

Account Number	Test Year Revenues
32109540500	3,008
172100166008	193
211400001000	6,200
243100149200	1,159
321100004507	625
321100004508	391
351100099200	1,159
405104230008	1,426
413208658002	193
493104993500	860
501202875500	938
501203901000	860
512101065001	966
512201977101	1,159
512201997300	2,099
512201997503	3,769
810100140000	386
812205207200	966
812205398700	1,486

Metered Residential Sales

Adjustment - Decrease

\$ (27,845)

Metered Industrial Sales

Adjustment - Increase

\$ 27,845

SCHEDULE C-1

(Continued)

ANDERSON MUNICIPAL WATER UTILITY

Anderson, Indiana

Detail of Adjustments

(3)

To adjust "Metered Residential Sales" for fire protection revenue recorded in August and September 2005.

<u>Month</u>	<u>Fire Protection Revenues</u>
Aug-05	\$ 33,250
Sep-05	33,132

Adjustment - Decrease \$ (66,381)

(4)

To adjust "Metered Industrial Sales" for fire protection revenue recorded in August and September 2005.

<u>Month</u>	<u>Fire Protection Revenues</u>
Aug-05	\$ 14,133
Sep-05	14,066

Adjustment - Decrease \$ (28,199)

(5)

To adjust "Public Fire Protection" for the actual number of customers per meter size.

<u>Meter Size</u>	<u>Number of Customers</u>	<u>Annual Rate</u>	<u>Annual Revenue</u>
5/8 inch	22,566	\$ 17.76	\$ 400,772
3/4 inch	99	17.76	1,758
1 inch	348	45.48	15,827
1 1/2 inch	77	102.24	7,872
2 inch	243	181.92	44,207
3 inch	82	409.20	33,554
4 inch	40	727.44	29,098
6 inch	15	1,636.80	24,552
8 inch	3	2,909.76	8,729
Pro Forma Public Fire Protection Revenue			566,369
Less: Test Year			<u>(396,688)</u>

Adjustment - Increase \$ 169,681

SCHEDULE C-1  
(Continued)

**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

Detail of Adjustments

(6)

To adjust "Miscellaneous Revenues" for misclassification of Water Pollution Control meter reading expense reimbursement.

<u>Month</u>	<u>Recorded Revenues</u>
Nov-04	\$ 54,001
Feb-05	51,250
May-05	47,327
Aug-05	<u>30,875</u>

Adjustment - Decrease \$ (183,453)

(7)

To adjust "Operation and Maintenance Expenses" for the estimated increase in salaries and wages.

Test Year Salaries and Wages	\$ 2,398,992
Less: Salaries and Wages Adjustment from Adjustment (12)	<u>(151,612)</u>
Adjusted Test Year Salaries and Wages	\$ 2,247,380
Times: Estimated Percentage Increase	<u>3%</u>

Adjustment - Increase \$ 67,421

(8)

To adjust "Operation and Maintenance Expenses" for the calculated annual PERF expense.

Proposed 2006 Salaries and Wages	\$ 2,314,801
Times: PERF Contribution Rate	<u>7.00%</u>
Pro Forma PERF Expense	162,036
Less: Test Year	<u>(172,079)</u>

Adjustment - Increase \$ (10,043)

SCHEDULE C-1  
(Continued)

ANDERSON MUNICIPAL WATER UTILITY  
Anderson, Indiana

Detail of Adjustments

(9)

To adjust "Operation and Maintenance Expenses" for the estimated decrease in health insurance expense.

Test Year Health Insurance Expense	\$ 607,172	
Times: Estimated Percentage Decrease	-9.00%	
Adjustment - Decrease		\$ (54,645)

(10)

To adjust "Operation and Maintenance Expenses" for nonrecurring expenses listed within the test year.

Vendor	Description		Amount
Crowe Chizek and Company LLC	Interim Billing on Rate Study	\$ 5,078	
Robert Curry & Associates	Rehabilitation of Wheeler Treatment Plant	1,520	
Robert Curry & Associates	Rehabilitation of Wheeler Treatment Plant	365	
Robert Curry & Associates	Water Distribution System Investigation	3,662	
Robert Curry & Associates	Water Distribution System Investigation	1,250	
Robert Curry & Associates	Water Main Extension on Iroquois Street	1,252	
Fitzgerald's General Contracting	Replace Set of doors	2,975	
			(16,102)
Robert Curry & Associates	Five Year Extensions and Replacements Plan	3,812	
Robert Curry & Associates	Five Year Extensions and Replacements Plan	760	
Robert Curry & Associates	Five Year Extensions and Replacements Plan	8,976	
Total Billing for Five Year Extensions and Replacements Plan		13,548	
Divide by two-year amortization period		2	
			(6,774)
Adjustment - Decrease			\$ (22,876)

(11)

To adjust "Operation and Maintenance Expenses" for the public water system annual operation fee to the Indiana Department of Environmental Management (IDEM).

Number of Service Connections as of September 30, 2005	23,473	
Times: Annual Operation Fee per Service Connection	\$ 0.95	
Pro Forma IDEM Fee	22,299	
Less: Test Year	(13,617)	
Adjustment - Increase		\$ 8,682

(12)

To adjust "Operation and Maintenance Expenses" for misclassification of Water Pollution Control meter reading expense reimbursement.

Fund	Description	Amount
601.50	Transmission and Distribution - Salaries and Wages - Operations	\$ (151,612)
650.52	Transmission and Distribution - Transportation Expense - Operations	(1,913)
620.68	Transmission and Distribution - Materials and Supplies - Maintenance	(14,964)
635.64	Transmission and Distribution - Contractual Services	(14,964)
Adjustment - Decrease		\$ (183,453)

SCHEDULE C-1  
(Continued)

ANDERSON MUNICIPAL WATER UTILITY  
Anderson, Indiana

Detail of Adjustments

(13)

To adjust "Operations and Maintenance Expenses" for the increase in chemical costs per 2006 bid tabulation and to eliminate container deposit recorded during the test year.

Chlorine (11 @ \$510 for 2006)	\$ 5,610
Less: Test Year Cost of Chlorine	(4,798)
Fluoride (37.38 @ \$220)	8,224
Less: Test Year Cost of Fluoride	(6,514)
Less: Container Deposit Recorded as Expense	<u>(750)</u>

Adjustment - Increase \$ 1,772

(14)

To adjust "Depreciation Expense" for the increase in estimated annual extensions and replacements.

Utility Plant in Service as of September 30, 2005	\$ 29,088,480
Plus: Plant in Service Added in 2005	331,113
Plus: Work in Progress as of September 30, 2005	151,119
Plus: Capital Projects to be Bonded	4,974,000
Less: Transportation, Stores and Power Operated Equipment	(967,342)
Less: Land and Land Rights	<u>(360,660)</u>
Depreciable Utility Plant in Service at 2% Rate	33,216,710
Times: Depreciation Rate	<u>2.0%</u>
Depreciation Expense at 2% Rate	\$ 664,334
Transportation, Stores and Power Operated Equipment	967,342
Times: Depreciation Rate	<u>10.0%</u>
Depreciation Expense at 10% Rate	96,734
Total Depreciation Expense	<u>761,068</u>
Less: Test Year	<u>(889,686)</u>

Adjustment - Decrease \$ (128,618)

SCHEDULE C-1  
(Continued)

ANDERSON MUNICIPAL WATER UTILITY  
Anderson, Indiana

Detail of Adjustments

(15)

To adjust "Taxes Other Than Income Taxes" to recalculate FICA expense due to the proposed increase in salaries and wages.

Proposed Salaries and Wages	\$ 2,314,801
Times: FICA Rate	<u>7.65%</u>
Pro Forma FICA Expense	177,082
Less: Test Year	<u>(183,958)</u>
Adjustment - Increase	<u>\$ (6,876)</u>

(16)

To adjust "Taxes Other Than Income Taxes" to recalculate the utility receipts tax.

Adjusted Operating Revenues	\$ 5,852,067
Times: Utility Receipts Tax Rate	<u>1.4%</u>
Pro Forma Utility Receipts Tax Expense	81,929
Less: Test Year	<u>(74,401)</u>
Adjustment - Increase	<u>\$ 7,528</u>

(17)

To adjust "Taxes Other Than Income Taxes" for the proposed contribution in lieu of property taxes.

Net Utility Plant in Service as of September 30, 2005	\$13,130,628
Plus: Capital Projects to be Bonded	<u>4,974,000</u>
Total Utility Plant in Service	18,104,628
Times: Net Corporate Tax Rate (per \$100 Assessed Valuation)	<u>1.1906</u>
Pro Forma Contribution in Lieu of Property Taxes	215,554
Less: Test Year	<u>(206,860)</u>
Adjustment - Increase	<u>\$ 8,694</u>



## EXHIBIT D

**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

## Adjusted Detail of Operating Expenses

	September 30, <u>2005</u>	<u>Adjustments</u>		<u>Adjusted</u>
		<u>Amount</u>	<u>Ref.</u>	
<u>Operation and Maintenance Expenses</u>				
Source of Supply Expense				
Purchased Power Operations	\$ 363,155			\$ 363,155
Material and Supplies Maintenance	32,770			32,770
Contractual Service Maintenance	8,924			8,924
Total Source of Supply Expense	<u>404,849</u>			<u>404,849</u>
Water Treatment Expense				
Salaries and Wages Operations	293,823	\$ 8,815	(7)	302,638
Salaries and Wages Maintenance	223,563	6,707	(7)	230,270
Chemicals Operations	28,643	1,772	(13)	30,415
Materials and Supplies Maintenance	37,673	(2,975)	(10)	34,698
Contractual Services Operations	24,992	(12,917)	(10)	12,075
IDEM Permit Fees	13,617	8,682	(11)	22,299
Total Water Treatment Expense	<u>622,311</u>	<u>10,084</u>		<u>632,395</u>
Transmission and Distribution Expense				
Salaries and Wages Operations	310,408	4,763	(7)	163,559
		(151,612)	(12)	
Salaries and Wages Maintenance	718,703	21,561	(7)	740,264
Materials and Supplies Maintenance	240,168	(14,964)	(12)	225,204
Contractual Service Other	169,045	(14,964)	(12)	154,081
Transportation Expense Operations	167,037	(1,913)	(12)	165,124
Total Transmission and Distribution Expense	<u>1,605,361</u>	<u>(157,129)</u>		<u>1,448,232</u>
Customer Accounts Expense				
Salaries and Wages	134,278	4,028	(7)	138,306
Meter Reading Expense - Miscellaneous	1,205			1,205
Bad Debt Expense	100,703			100,703
Contractual Service	14,038			14,038
Total Customer Accounts Expense	<u>250,224</u>	<u>4,028</u>		<u>254,252</u>

EXHIBIT D  
(Continued)

ANDERSON MUNICIPAL WATER UTILITY  
Anderson, Indiana

Adjusted Detail of Operating Expenses

	September 30, 2005	<u>Adjustments</u> <u>Amount</u>	<u>Ref.</u>	<u>Adjusted</u>
<u>Operation and Maintenance Expenses (Continued)</u>				
Administrative and General Expense				
Salaries and Wages	\$ 718,217	\$ 21,547	(7)	\$ 739,764
Employees Pension and Benefits	172,079	(10,043)	(8)	162,036
Materials and Supplies	227,039			227,039
Contractual Service Other	66,746	(5,078)	(10)	61,668
Rental	64,188			64,188
Insurance General Liability	264,169			264,169
Insurance Other	607,172	(54,645)	(9)	552,527
Regulatory Commission Expense	3,812	(1,906)	(10)	1,906
Miscellaneous Expense	2,768			2,768
Total Administrative and General Expense	<u>2,126,190</u>	<u>(50,125)</u>		<u>2,076,065</u>
Total Operation and Maintenance Expenses	<u>5,008,935</u>	<u>(193,142)</u>		<u>4,815,793</u>
Depreciation Expense	<u>889,686</u>	<u>(128,618)</u>	(14)	<u>761,068</u>
Taxes Other Than Income Taxes				
FICA Tax	183,958	(6,876)	(15)	177,082
Utility Receipts Tax	74,401	7,528	(16)	81,929
Contribution in Lieu of Taxes	206,860	8,694	(17)	215,554
Total Taxes Other Than Income Taxes	<u>465,219</u>	<u>9,346</u>		<u>474,565</u>
Total Operating Expenses	<u>\$ 6,363,840</u>	<u>\$ (312,414)</u>		<u>\$ 6,051,426</u>

ANDERSON MUNICIPAL WATER UTILITY  
Anderson, Indiana

Five-Year Capital Improvement Plan  
Provided By Robert E. Curry & Associates, Inc.)

	2006	2007	2008	2009	2010	Total
Water Supply Wells Maintenance	\$ 722,200	\$ 21,550	\$ 21,550	\$ 21,550	\$ 89,750	\$ 876,600
Ramsey Well Field	30,700	30,700	217,600	30,700	174,850	484,250
Norton Well Field	132,000	5,600	5,600	5,600	5,600	154,400
Lafayette Township Well Field						
Replace Five Wells					1,000,000	1,000,000
Lafayette Township Water Treatment Plant						
Water Plant Rehabilitation		2,481,000				2,481,000
Wheeler Avenue Water Plant						
South Filter Rehabilitation		454,750				454,750
Add Reacondation Equipment	240,000					240,000
Rehabilitation of 250,000 Gallon Clearwell		200,000				200,000
Demolish "Old" Water Treatment Plant		220,000				220,000
North Filter Media Replacement		116,574				116,574
Elevated Water Storage Tanks						
Eightth Street - 500,000 Gallon Tank (1)	3,398	3,398	3,398	3,398	3,398	16,990
East Tenth Street - 500,000 Gallon Tank (1)	4,157	4,157	4,157	4,157	4,157	20,785
Fairview Street - 1,000,000 Gallon Tank (1)	8,085	8,085	8,085	8,085	8,085	40,425
Columbus Avenue - 1,000,000 Gallon Tank (1)	8,085	8,085	8,085	8,085	8,085	40,425
Range Lane Road - 1,000,000 Gallon Tank (1)	8,085	8,085	8,085	8,085	8,085	40,425
Cross Street - 500,000 Gallon Tank (1)	4,157	4,157	4,157	4,157	4,157	20,785
Tank Farming - All Elevated Storage Tanks (2)	195,772	195,772	195,772	195,772	195,772	978,860
Water Transmission & Distribution System	989,250	989,250	989,250	989,250	989,250	4,946,250
Vehicle & Equipment Replacement	55,000	106,000		54,000		217,000
Dump Truck	27,000	47,500		22,500		97,000
Fixed Bed Service Crew Trucks	41,000					41,000
Automobiles	170,000	72,500		40,500		283,000
Pick-up Trucks and Vans	210,000	70,000	70,000			350,000
Excavation Construction Equipment	56,000	10,000				66,000
Miscellaneous Waterworks Equipment						
Total Capital Improvement Plan	2,906,889	5,059,163	1,535,739	1,424,339	2,567,389	13,493,519
Less: Well and Tank Maintenance Fund Balance	(1,346,053)					(1,346,053)
Less: Amount Funded by Bond Issue	(1,509,750)	(3,470,250)				(4,974,000)
Amount to be Funded by Revenues	\$ 57,086	\$ 1,588,913	\$ 1,535,739	\$ 1,424,339	\$ 2,567,389	\$ 7,173,466
Average Annual Expenditures and Replacements (2006 - 2010)						\$ 1,434,693

(1) Annual expense includes Supervisory Control and Data Acquisition (SCADA) and Attitude Control Valve Replacement.

(2) See Schedule B-1.

**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

Calculation of Annual Tank Painting Costs - All Elevated Storage Tanks (1)

	<u>Radical Core</u>	<u>8th Street</u>	<u>Columbus</u>	<u>Rangeline</u>	<u>10th Street</u>	<u>Cross Street</u>	<u>Total</u>
Painting	\$ 473,840	\$ 432,180	\$ 491,624	\$ 477,571	\$ 275,748	\$ 314,174	\$ 2,465,137
Evaluation	3,500	4,500	5,000	5,100	4,200	4,200	26,500
Specifications	15,750	12,500	15,750	15,750	12,500	12,500	84,750
Bid Assist	1,500	1,500	1,500	1,500	1,500	1,500	9,000
Contract Administration	3,200	3,200	3,200	3,200	3,200	3,200	19,200
WIPS (inspection)	42,000	25,000	70,000	65,000	50,000	50,000	302,000
Lab	2,500	2,500	2,500	2,500	2,500	2,500	15,000
1st Anniversary	2,500	2,500	2,500	2,500	2,500	2,500	15,000
Subtotal	<u>\$ 544,790</u>	<u>\$ 483,880</u>	<u>\$ 592,074</u>	<u>\$ 573,121</u>	<u>\$ 352,148</u>	<u>\$ 390,574</u>	<u>\$ 2,936,587</u>
Divide by: Number of Years							<u>15</u>
Amount of Tank Painting to be Funded Each Year							<u>\$ 195,772</u>

(1) Tank Painting cost is based on estimates from Tank Industries Consultants for complete clean and recoat.

## EXHIBIT H

**ANDERSON MUNICIPAL WATER UTILITY**  
Anderson, Indiana

**Statement of Revenue Requirements**

Operation and Maintenance Expenses (Exhibit C)	\$ 4,815,793
Taxes Other Than Income Taxes (Exhibit C)	474,565
Maximum Annual HELP Program Lease Payment (Schedule A-1)	57,375
Estimated Average Annual Debt Service (Exhibit G)	423,902
<del>Estimated Annual Operating Fund Requirement (A)</del> <i>Working Capital (A)</i>	265,746
Estimated Annual Extensions and Replacements (Exhibit E)	1,434,693
Total Revenue Requirements	<u>7,472,074</u>
Less: Adjusted Operating Receipts (Exhibit C)	(5,852,067)
Less: Other Income	<u>(51,480)</u>
Deficit Revenues	1,568,527
Divide by: Revenue Conversion Factor	0.986
Required Increase in Operating Revenues	<u>1,590,798</u>
Divide by: Adjustable Operating Revenues (Exhibit C)	<u>5,812,242</u>
Percent Rate Increase Required	<u>27.37%</u>

<i>NKK</i> (A) <del>Estimated Annual Operating Fund Requirement</del> <i>Working Capital</i>	
Operation and Maintenance Expense	\$ 4,815,793
Less: Purchased Power	(363,155)
Adjusted Operation and Maintenance Expense	<u>4,452,638</u>
Times: Forty-five (45) Day Factor	0.125
Working Capital Revenue Requirement	<u>556,580</u>
Less: Operating Fund Balance	(25,088)
Deficiency	<u>531,492</u>
Divided by: Number of Years to Accumulate	<u>2</u>
<i>Working Capital</i> <del>Estimated Annual Operating Fund Requirement</del> <i>DM</i>	<u>\$ 265,746</u>

## EXHIBIT I

**ANDERSON MUNICIPAL WATER UTILITY**  
**Anderson, Indiana**

**Pro Forma Statement of Income**

	September 30, 2005	<u>Adjustments</u>		
	<u>Adjusted</u>	<u>Amount</u>	<u>Ref.</u>	<u>Pro Forma</u>
<u>Operating Revenue</u>				
Adjustable Operating Revenue	\$ 5,759,311	\$ 1,576,323	(A)	\$ 7,335,634
Forfeited Discounts	52,931	14,487	(A)	67,418
Miscellaneous Revenue	39,825			39,825
Total Operating Revenue	<u>5,852,067</u>	<u>1,590,810</u>		<u>7,442,877</u>
<u>Operating Expenses</u>				
Operation and Maintenance Expenses	4,815,793			4,815,793
Depreciation Expense	761,068			761,068
Taxes Other Than Income Taxes	<u>474,565</u>	<u>22,271</u>	(B)	<u>496,836</u>
Total Operating Expenses	<u>6,051,426</u>	<u>22,271</u>		<u>6,073,697</u>
Net Operating Income	<u>\$ (199,359)</u>	<u>\$ 1,568,539</u>		<u>\$ 1,369,180</u>

(A) Adjustment for overall rate increase of 27.37%. The revenue increase for each customer class is provided by witness Mr. Kerry Heid.

(B) Adjustment for Utility Receipts Tax for Adjustment (A).

**ANDERSON MUNICIPAL WATER DEPARTMENT  
IURC CAUSE NO. 42914  
COST OF SERVICE STUDY  
PROPOSED RATES AND CHARGES**

**DATA: 12 MONTHS ENDED 9/30/05  
TYPE OF FILING: CASE-IN-CHIEF  
WITNESS: HEID**

**PETITIONER'S EXHIBIT KAH-5  
SCHEDULE 1  
PAGE 1 OF 1**

**Proposed Rates**

**Metered Rates-Monthly**

First 5 Ccf	\$2.955
Next 40 Ccf	\$1.676
Next 255 Ccf	\$1.449
Next 700 Ccf	\$1.253
Over 1,000 Ccf	\$1.090

**Minimum Charge - Monthly**

5/8-inch meter	\$11.82
3/4-inch meter	\$22.82
1-inch meter	\$43.00
1 1/2-inch meter	\$84.54
2-inch meter	\$102.86
3-inch meter	\$162.51
4-inch meter	\$204.51
6-inch meter	\$423.11
8-inch meter	\$636.29
10-inch meter	\$863.02

Attachment 3

